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weight of our exports belonging to this class. . . . In the year ended June 30, 1921, imports into the United States amounted to 36,000,000 long tons, as compared with exports of 58,000,000 tons; or, if bulk oil, which moves in specialized tankers, is excluded, the comparison is 17,000,000 to 52,000,000 tons. . . . The United Kingdom, quite apart from its geographic location, is an example of the reverse. Exports from the United Kingdom in 1913 amounted to 106,400,000 tons, of which 76,000,000 tons were coal. Imports totaled 55,400,000 tons. If the continental coal trade is excluded, and it should be, because it is little more than a coastwise movement, the overseas movement was 57,300,000 tons outward and 55,400,000 tons inward.

All these arguments against the ship subsidy are, of course, purely economic. They represent an attempt to approach the whole problem of shipping as a business proposition and to examine its possibilities essentially in that light.

REPRESENTATIVE BURTON'S SPEECH

On the other hand, Representative Theodore E. Burton, of Ohio, has stated the arguments in favor of the bill as follows:

Prior to the late war I consistently opposed all propositions for subsidy or subventions to American shipping except liberal payment to steamers carrying mail. Nevertheless, I am now earnestly in favor of the pending bill for governmental aid to our ships flying the American flag.

The present situation is radically different and the pending bill safeguards the interests of the people much more carefully than the measures proposed at an earlier date.

What is the difference in the situation?

First. During the war the government acquired by capture, purchase or construction some 11,000,000 tons of shipping at a cost of \$3,000,000,000. Shall this investment be abandoned and ships be scrapped? I regard the sacrifice of this great amount of tonnage as altogether undesirable.

The alternative of governmental operation is proposed by some, but our experience in this regard furnishes a conclusive argument against such a policy. Ships have been operated by the government at an enormous loss. Governmental control has afforded an almost unprecedented record of waste. Even with the present careful management this great fleet promises to cost the United States between \$30,000,000 and \$50,000,000 per annum, with no substantial improvement in sight.

A main reason for failure under the management of the government rests in the nature of the business itself. It is chiefly speculative industry and demands a freedom of action and a play of initiative not to be obtained under the restrictions of governmental service. Further, while government ownership might prevail in an industry which could be made a government monopoly, it cannot succeed in competition with the privately owned tonnage of foreign countries.

Again, the profitable conduct of shipping depends very largely upon association with those engaged in foreign trade, the ownership of docks and terminals, and long association with shippers on all the routes of commerce. Thus the management of shipping as an independent proposition does not promise favorable results.

COMMITTED TO PREPAREDNESS

Second, while we hope that there will be no more wars, we are nevertheless necessarily committed to a policy of preparedness. We are spending immense sums upon the navy. If another war should occur in which we were engaged it would be absolutely essential that we have our own ships for carrying troops and supplies. If a war should occur in which we were not engaged the merchant ships upon which we might otherwise depend would not be available. In the late war we were subjected to most serious disadvantage because the ships of other countries, very naturally, gave preference to shipments by their own nationals.

Third, prior to the war, our export trade was based largely upon the demands of countries which not only needed our goods and products, but furnished the ships to carry them. Now the nations which purchased most from us are less able to buy, and we must seek markets in countries of the world which have been reached only by foreign shipping.

To obtain a foothold in these parts of the world, where there is sure to be rapid development, direct lines of ships are essential to carry the greater surplus and wider diversity of our products. It should further be stated that in our changed position from a debtor to a creditor country and the diminished wealth of our leading competitors in trade, the competition which we must meet will be much sharper than formerly and shipping under our own control is a necessary auxiliary if we are to meet the conditions of the time.

The proposed measure has advantages over earlier propositions. It provides that any vessel owner receiving aid from the government who realizes more than 10 per cent on his invested capital must return half of his net earnings in excess of 10 per cent until the entire amount of direct aid in that year has been returned to the Treasury. This is a salutary preventive of excessive profits or of any raid upon the Treasury.

It is confidently expected that the service performed by army transports may be secured at a much less cost than now. Vessels receiving compensation are to be compelled to carry mail matter of any kind except parcels post, thus relieving the Post-Office Department of very considerable expense.

The problem which confronts us is the larger cost of initial construction and of repairs, notwithstanding certain materials are cheaper here, a somewhat larger bill for wages, the result of legislation and a settled desire for better conditions for our sailors; in general, greater cost for construction and operation.

Notwithstanding other countries have an advantage in this regard, most maritime nations give some form of government aid to shipping, and all exercise especial care for securing an adequate mercantile marine.

We may dismiss, I think, the proposition contained in the merchant marine act of 1920 for building up a merchant marine by discriminating duties. Such a plan would violate treaties and invite reprisals. It would be ineffective, because it would apply only to the import trade. What is most to be desired is a stimulus to our export trade. Then, too, a very considerable proportion of our imports are on the free list, and such discrimination would render no aid to ships carrying this class of commodities.

OUR ADMINISTRATION AND FOREIGN POLICY

From the President's Message

PRESIDENT HARDING delivered his message to the Congress December 8. The passages pertaining to our foreign relations follow. The President began by saying:

Members of the Congress:

So many problems are calling for solution that a recital of all of them, in the face of the known limitations of a short session of Congress, would seem to lack sincerity of purpose. It is four years since the World War ended, but the inevitable readjustment of the social and economic order is not more than barely begun. There is no acceptance of pre-war conditions anywhere in the world. In a very general way humanity harbors individual wishes to go on with wartime compensations for production, with pre-war requirements in expenditure. In short, every one, speaking broadly, craves readjustment for everybody except himself, while there can

be no just and permanent readjustment except when all participate.

The civilization which measured its strength of genius and the power of science and the resources of industries, in addition to testing the limits of man power and the endurance and heroism of men and women—that same civilization is brought to its severest test in restoring a tranquil order and committing humanity to the stable ways of peace.

OLD ORDER HAS VANISHED

If the sober and deliberate appraisal of pre-war civilization makes it seem a worth-while inheritance, then with patience and good courage it will be preserved. There never again will be precisely the old order; indeed, I know of no one who thinks it to be desirable; for out of the old order came the war itself, and the new order, established and made secure, never will permit its recurrence.

It is no figure of speech to say we have come to the test of our civilization. The world has been passing—is today passing—through a great crisis. The conduct of war itself is not more difficult than the solution of the problems which necessarily follow. I am not speaking at this moment of the problem in its wider aspect of world rehabilitation or of international relationships. The reference is to our own social, financial, and economic problems at home. These things are not to be considered solely as problems apart from all international relationship, but every nation must be able to carry on for itself, else its international relationship will have scant importance.

Doubtless our own people have emerged from the World War tumult less impaired than most belligerent powers; probably we have made larger progress toward reconstruction. Surely we have been fortunate in diminishing unemployment, and our industrial and business activities, which are the lifeblood of our material existence, have been restored as in no other reconstruction period of like length in the history of the world. Had we escaped the coal and railway strikes, which had no excuse for their beginning and less justification for their delayed settlement, we should have done infinitely better. But labor was insistent on holding to the war heights, and heedless forces of reaction sought the per-war levels, and both were wrong. In the folly of conflict our progress was hindered, and the heavy cost has not yet been fully estimated. There can be neither adjustment nor the penalty of the failure to readjust in which all do not somehow participate.

At this point the President entered upon a discussion of the railway strike, of our agrarian situation, and the Farm Loan Bureau, of the problem of transportation and the labor board, and of strikes. He then gave his views upon the new tariff.

CITES NEW TARIFF LAW

During its longer session the present Congress enacted a new tariff law. The protection of the American standards of living demanded the insurance it provides against the distorted conditions of world commerce. The framers of the law made provision for a certain flexibility of customs duties, whereby it is possible to readjust them as developing conditions may require. The enactment has imposed a large responsibility upon the Executive, but that responsibility will be discharged with a broad mindfulness of the whole business situation. The provision itself admits either the pos-

sible fallibility of rates or their unsuitableness to changing conditions. I believe the grant of authority may be promptly and discreetly exercised, ever mindful of the intent and purpose to safeguard American industrial activity, and at the same time prevent the exploitation of the American consumer and keep open the paths of such liberal exchanges as do not endanger our own productivity.

No one contemplates commercial aloofness nor any other aloofness contradictory to the best American traditions or loftiest human purposes. Our fortunate capacity for comparative self-containment affords the firm foundation on which to build for our own security, and a like foundation on which to build for a future of influence and importance in world commerce. Our trade expansion must come of capacity and of policies of righteousness and reasonableness in all our commercial relations.

Let no one assume that our provision for maintained good fortune at home and our unwillingness to assume the correction of all the ills of the world means a reluctance to cooperate with other peoples or to assume every just obligation to promote human advancement anywhere in the world.

WAR MAKES U. S. CREDITOR NATION

War made us a creditor nation. We did not seek an excess possession of the world's gold and we have neither desire to profit unduly by its possession nor permanently retain it. We do not seek to become an international dictator because of its power.

The voice of the United States has a respectful hearing in international councils, because we have convinced the world that we have no selfish ends to serve, no old grievances to avenge, no territorial or other greed to satisfy. But the voice being heard is that of good counsel, not of dictation. It is the voice of sympathy and fraternity and helpfulness, seeking to assist but not assume for the United States burdens which nations must bear for themselves. We would rejoice to help rehabilitate currency systems and facilitate all commerce which does not drag us to the very levels of those who seek to lift up.

While I have everlasting faith in our Republic, it would be folly, indeed, to blind ourselves to our problems at home. Abusing the hospitality of our shores are the advocates of revolution, finding their deluded followers among those who take on the habiliments of an American without knowing an American soul. There is the recrudescence of hyphenated Americanism, which we thought to have been stamped out when we committed the nation, life and soul, to the World War.

DEMANDS RESPECT FOR LAW BY ALIENS

There is a call to make the alien respect our institutions while he accepts our hospitality. There is need to magnify the American viewpoint to the alien who seeks a citizenship among us. There is need to magnify the national viewpoint to Americans throughout the land. More, there is a demand for every living being in the United States to respect and abide by the laws of the Republic. Let men who are rending the moral fiber of the Republic through easy contempt for the prohibition law, because they think it restricts their personal liberty, remember that they set the example and breed a contempt for law which will ultimately destroy the Republic.

Constitutional prohibition has been adopted by the nation. It is the supreme law of the land. In plain speaking, there

are conditions relating to its enforcement which savor of nation-wide scandal. It is the most demoralizing factor in our public life.

Most of our people assumed that the adoption of the eighteenth amendment meant the elimination of the question from our politics. On the contrary, it has been so intensified as an issue that many voters are disposed to make all political decisions with reference to this single question. It is distracting the public mind and prejudicing the judgment of the electorate.

The day is unlikely to come when the eighteenth amendment will be repealed. The fact may as well be recognized and our course adapted accordingly. If the statutory provisions for its enforcement are contrary to deliberate public opinion, which I do not believe, the rigorous and literal enforcement will concentrate public attention on any requisite modification. Such a course conforms with the law and saves the humiliation of the government and the humiliation of our people before the world, and challenges the destructive forces engaged in widespread violation, official corruption, and individual demoralization.

CONCURRENT AUTHORITY INVOLVED

The eighteenth amendment involves the concurrent authority of State and Federal governments, for the enforcement of the policy it defines. A certain lack of definiteness, through division of responsibility, is thus introduced. In order to bring about a full understanding of duties and responsibilities as thus distributed, I purpose to invite the governors of the States and Territories, at an early opportunity, to a conference with the Federal and executive authority. Out of the full and free consideration which will thus be possible, it is confidently believed, will emerge a more adequate comprehension of the whole problem and definite policies of national and State co-operation in administering the laws.

There are pending bills for the registration of the alien who has come to our shores. I wish the passage of such an act might be expedited. Life amid American opportunities is worth the cost of registration if it is worth the seeking, and the nation has the right to know who are citizens in the making or who live among us and share our advantages while seeking to undermine our cherished institutions. This provision will enable us to guard against the abuses in immigration, checking the undesirable whose irregular coming is his first violation of our laws. More, it will facilitate the needed Americanizing of those who mean to enroll as fellow-citizens.

Before enlarging the immigration quotas we had better provide registration for aliens, those now here or continually pressing for admission, and establish our examination boards abroad, to make sure of desirables only. By the examination abroad we could end the pathos at our ports, when men and women find our doors closed, after long voyages and wasted savings, because they are unfit for admission. It would be kindlier and safer to tell them before they embark.

KIN TO ILLITERACY PROBLEM

Our program of admission and treatment of immigrants is very intimately related to the educational policy of the Republic. With illiteracy estimated at from two-tenths of 1 per cent to less than 2 per cent in ten of the foremost nations of Europe, it rivets our attention to a serious problem when we are reminded of a 6 per cent illiteracy in the United

States. The figures are based on the test which defines an illiterate as one having no schooling whatever. Remembering the wide freedom of our public schools, with compulsory attendance in many States in the Union, one is convinced that much of our excessive illiteracy comes to us from abroad, and the education of the immigrant becomes a requisite to his Americanization. It must be done if he is fittingly to exercise the duties as well as enjoy the privileges of American citizenship. Here is revealed the special field for Federal co-operation in furthering education.

From the very beginning public education has been left mainly in the hands of the States. So far as schooling youth is concerned, the policy has been justified, because no responsibility can be so effective as that of the local community, alive to its task. I believe in the co-operation of the national authority to stimulate, encourage, and broaden the work of the local authorities. But it is the especial obligation of the Federal Government to devise means and effectively assist in the education of the newcomer from foreign lands, so that the level of American education may be made the highest that is humanly possible.

After speaking of child labor and of our timber supply, Mr. Harding concluded as follows:

ECONOMY SHOWN POSSIBLE

A superpower survey of the eastern industrial region has recently been completed, looking to unification of steam, water, and electric powers, and to a unified scheme of power distribution. The survey proved that vast economies in tonnage movement of freights and in the efficiency of the railroads would be effected if the superpower program were adopted. I am convinced that constructive measures calculated to promote such an industrial development—I am tempted to say, such an industrial revolution—would be well worthy the careful attention and fostering interest of the National Government.

The proposed survey of a plan to draft all the resources of the Republic, human and material, for national defense may well have your approval. I commended such a program in case of future war in the inaugural address of March 4, 1921, and every experience in the adjustment and liquidation of war claims and the settlement of war obligations persuades me we ought to be prepared for such universal call to armed defense.

I bring you no apprehension of war. The world is abhorrent of it, and our own relations are not only free from every threatening cloud, but we have contributed our larger influence toward making armed conflict less likely.

NATIONAL RELATIONSHIPS

Those who assume that we played our part in the World War and later took ourselves aloof and apart, unmindful of world obligations, give scant credit to the helpful part we assume in international relationships.

Whether all nations signatory ratify all the treaties growing out of the Washington Conference on Limitation of Armament or some withhold approval, the underlying policy of limiting naval armament has the sanction of the larger naval powers, and naval competition is suspended. Of course, unanimous ratification is much to be desired.

The four-power pact, which abolishes every probability of war on the Pacific, has brought new confidence in a maintained peace, and I can well believe it might be made a

model for like assurances wherever in the world any common interests are concerned.

We have had expressed the hostility of the American people to a supergovernment or to any commitment where either a council or an assembly of leagued powers may chart our course. Treaties of armed alliance can have no likelihood of American sanction, but we believe in respecting the rights of nations, in the value of conference and consultation, in the effectiveness of leaders of nations looking each other in the face before resorting to the arbitrament of arms.

It has been our fortune both to preach and promote international understanding. The influence of the United States in bringing near the settlement of an ancient dispute between South American nations is added proof of the glow of peace in ample understanding. In Washington today are met the delegates of the Central American nations, gathered at the table of international understanding to stabilize their republics and remove every vestige of disagreement. They are met here by our invitation, not in our aloofness, and they accept our hospitality because they have faith in our unselfishness and believe in our helpfulness. Perhaps we are selfish in craving their confidence and friendship, but such a selfishness we proclaim to the world, regardless of hemisphere or seas dividing.

INSISTENT ON AMERICAN RIGHTS

I would like the Congress and the people of the nation to believe that in a firm and considerate way we are insistent on American rights, wherever they may be questioned, and deny no rights of others in the assertion of our own. Moreover, we are cognizant of the world's struggles for full readjustment and rehabilitation, and we have shirked no duty which comes of sympathy, or fraternity, or highest fellowship among nations. Every obligation consonant with American ideals and sanctioned under our form of government is willingly met. When we cannot support we do not demand. Our constitutional limitations do not forbid the exercise of a moral influence, the measure of which is not less than the high purposes we have sought to serve.

After all, there is less difference about the part this great Republic shall play in furthering peace and advancing humanity than in the manner of playing it. We ask no one to assume responsibility for us; we assume no responsibility which others must bear for themselves, unless nationality is hopelessly swallowed up in internationalism.

INTERNATIONAL NOTES

EVIDENTLY THE PRINCIPLE OF LEVYING on capital is no more popular in Switzerland than in Britain. Upon the initiative of the Swiss Socialists, the matter came up for a referendum vote December 3. A special cable to the *New York Times* is authority for the statement that the project was defeated by 704,785 to 101,057 votes. Under the fear that the levy might be passed, more than five billion francs had been taken out of the country, with the result that business was practically at a standstill. It is an interesting fact that the farmers were more strongly against the proposed levy than the city dwellers.

IN ITALY they are going about the business of bolstering the government in a different way. The Fascisti

have proposed donations to the government. They hope in this way to raise enough to cover the deficit in the budget, amounting to \$250,000,000. It is pointed out that while the government is poor, the inhabitants are richer than before the war. It is believed that there are millions of people ready to give large amounts for the "love of their country and as an homage and an expression of faith in the present members of the government." If the plan is approved, the authorities will go about the business by collecting not only money, but jewelry and valuables of all kinds, especially gold objects. It is pointed out that the Italian people have shown their patriotism in this manner before—indeed, as far back as Roman days. In 1915 and 1917 the people contributed for victory. "This time," says V. de Santo, "it will be called a loan for the regeneration of the country."

AS A RESULT of the Washington Conference on the Limitation of Armament, a commission began its sessions at The Hague December 11 to discuss amendments to the rules of war. This commission meets under the terms of resolutions Nos. 1 and 2 of the Washington pact. These resolutions read as follows:

NO. 1. RESOLUTION FOR A COMMISSION OF JURISTS TO CONSIDER AMENDMENT OF LAWS OF WAR

The United States of America, the British Empire, France, Italy, and Japan have agreed:

I. That a commission composed of not more than two members, representing each of the above-mentioned powers, shall be constituted to consider the following questions:

(a) Do existing rules of international law adequately cover new methods of attack or defense resulting from the introduction or development, since The Hague Conference of 1907, of new agencies of warfare?

(b) If not so, what changes in the existing rules ought to be adopted in consequence thereof as a part of the law of nations?

II. That notices of appointment of the members of the commission shall be transmitted to the Government of the United States of America within three months after the adjournment of the present conference, which, after consultation with the powers concerned, will fix the day and place for the meeting of the commission.

III. That the commission shall be at liberty to request assistance and advice from experts in international law and inland, naval, and aerial warfare.

IV. That the commission shall report its conclusions to each of the powers represented in its membership.

These powers shall thereupon confer as to the acceptance of the report and the course to be followed to secure the consideration of its recommendations by the other civilized powers.

Adopted by the Conference on the Limitation of Armament, at the sixth plenary session, February 4, 1922.

NO. 2. RESOLUTION LIMITING JURISDICTION OF COMMISSION OF JURISTS PROVIDED IN RESOLUTION No. 1

Resolved, That it is not the intention of the powers agreeing to the appointment of a commission to consider and report upon the rules of international law respecting new agencies of warfare that the commission shall review or report upon the rules or declarations relating to submarines